



Los Angeles County AUDIT COMMITTEE

Carl Gallucci, Chair
4th District
Louisa Ollague, Vice-Chair
1st District
Dorinne Jordan
2nd District
Genie Chough
3rd District
Lori Glasgow
5th District

MINUTES MARCH 19, 2009

Vice Chair Louisa Ollague called the meeting to order at 10:40 a.m. in Conference Room 525, Kenneth Hahn Hall of Administration.

Committee Members Present

Louisa Ollague, Vice Chair, First District
Dorinne Jordan, Second District
Genie Chough, Third District
Helen Berberian for Lori Glasgow, Fifth District

Excused Absence

Carl Gallucci, Chair, Fourth District

Others in Attendance

Maria Oms, Auditor-Controller
Don Chadwick, Auditor-Controller
Jim Schneiderman, Auditor-Controller
Elaine Boyd, Auditor-Controller
Martin Zimmerman, Chief Executive Office
James Hazlett, Chief Executive Office
Frank Cheng, Chief Executive Office
Alisa Williams, Chief Executive Office
DeWitt Roberts, Department of Public Health
Lyn Wallensak, Department of Mental Health
Michelle Romero, Auditor-Controller
Jackie Guevarra, Auditor-Controller
Lee Millen, Board of Supervisors
Janice Davis, Board of Supervisors
Andrew Sevrin, Board of Supervisors

APPROVAL OF FEBRUARY 19, 2009 MINUTES

On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the minutes of February 19, 2009 were approved as submitted.

Old Business

Review of Board Policy No. 3.050 – Identification Cards (11/07/08): Martin Zimmerman, CEO, advised that a Board Letter requesting an extension to the Sunset review will be prepared for the next Audit Committee meeting. **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee approved continuing this item to its April 16, 2009, Audit Committee meeting.**

Board Policy Sunset Review – Policy 5.090 (04/14/08): Mr. Zimmerman reported that his office did not receive an assignment on this particular policy; however, it will be reviewed. **On motion**

of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee approved continuing this item to its April 16, 2009, Audit Committee meeting.

Department of Public Health Fiscal Review (01/26/09): This item was deferred to the next meeting so that Public Health Deputies can be invited to discuss the report. **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee continued this item to its April 16, 2009, Audit Committee meeting.**

Audit of the Los Angeles County Flood Control District for the Year Ended June 30, 2008 (01/30/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Reports to be Received and Filed

Sunset Review of Board Policy No. 9.080: Solicitation Activities by Registered and Certified Employee Organizations (02/12/09): Mr. Zimmerman agreed to review Policy status and will report back to the Committee. **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee continued this item to its April 16, 2009, Audit Committee meeting.**

H.S. Consortium of the East San Gabriel Valley (dba) LA Works Contract Review – A Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2007-08 (02/18/09): Louisa Ollague proposed forwarding a letter on behalf of the Audit Committee thanking LA Works for a job well-done on H.S. Consortium of the East San Gabriel Valley. The Auditor-Controller's nine recommendations in last year's review were implemented. **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Los Angeles Urban League, Inc., South Central Contract Review – a Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2007-08 (02/19/09): Louisa Ollague reported that the agency has indicated they will not repay CSS the \$24,998 in questioned costs, but instead will work with CSS to resolve the questioned costs, including submitting additional documentation to support their expenditures. Elaine Boyd, Auditor-Controller, reported that the Department of Community and Senior Services conducts their own follow-up, but the Auditor-Controller consults CSS about agency reimbursement. **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee continued this item to its April 16, 2009, Audit Committee meeting.**

South Bay Family Healthcare Center Contract Review – A Department of Public Health HIV/AIDS Prevention and Care Services Provider (02/20/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Tarzana Treatment Center, Inc. - A Department of Public Health HIV/AIDS Prevention and Care Services Provider (02/23/09): Louisa Ollague reported that she noticed a problem with some Department of Public Health's Office of AIDS Programs and Policy (OAPP) providers. Ms. Ollague inquired whether Tarzana needed fiscal policy training, in that the agency owes \$28,136 in questioned costs and have insufficient documentation. Elaine Boyd reported that within six months of funding the Auditor-Controller conducts a follow-up review on contract compliance.

Don Chadwick suggested that training could be offered to the OAPP providers in regards to provisions and newer amendments to contracts to ensure compliance on what can be claimed and what needs to be repaid. **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee continued this item to its April 16, 2009, Audit Committee meeting.**

Board Policy Review – 5.135: County Contractor Notification to Contract Employees Regarding the Newborn Abandonment Law (SB 1368) (The Safely Surrendered Baby Law) (02/23/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Fame Assistance Corporation Contract Review – A Department of Public Health HIV/AIDS Prevention and Care Services Provider (02/23/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Common Ground The Westside HIV Community Center Contract Review- A Department of Public Health HIV/AIDS Prevention and Care Services Provider (02/23/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Board Policy Review – 4.060: Contract Expenditures Reduction Flexibility (02/23/09): Mr. Zimmerman reported that the last time the County weathered fiscal uncertainties the CEO ordered the Departments to work with their contractors to effect reductions. Best price bids are not strictly enforced or followed, but if the contractor leaves money in surplus after the end of the Fiscal Year, the lowest contractor price bids are not always submitted. The CEO can implement a proactive effort to review contracts following Department approval. **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee continued this item to its April 16, 2009, Audit Committee meeting.**

Board Policy Review – 5.050: Contractor's Use of Gain/Grow Participants (02/23/09): The policy changes recommend a more requirement-based terminology than the current permissive language used. Ellen Sandt, who has been coordinating stimulus contracts with Miguel Santana, Deputy CEO, is working on a package that includes this requirement as it relates to stimulus monies. Also, this requirement will be written into the Gain/Grow contract. Louisa Ollague reported that although Gain/Grow has been in operation since 1997 the DPSS has advised that contractors do not use Gain/Grow participants. Mr. Zimmerman noted that he would examine what incentives could be used to encourage contractors to use Gain/Grow participants, and pending this research requested that the Policy be held in abeyance. **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee continued this item to its April 16, 2009, Audit Committee meeting.**

Sunset Review of Board Policy No. 9.120 (02/26/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Palms Residential Care Facility Report from Auditor-Controller (02/27/09): Dorrine Jordan reported that the Board in Closed Session discussed the Palms Residential Care at last week's meeting; it was continued for the next few weeks. **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee deferred this item to its April 16, 2009, Audit Committee meeting.**

Fiscal Review of Acts for Children Group Home – A Group Home Foster Care Contractor (03/02/09): In response to Genie Chough, Jim Schneiderman reported that \$16,852 is not an allowable cost in that it surpasses the allowable threshold. A \$411,000 loan by Acts in unexpended foster care funds to two County-contracted foster care providers is not a permitted standard practice. ACTS no longer contracts with the County.

Vice Chair Ollague requested that all Group Home reports be held until the next quarterly meeting with DCFS and Children's Deputies. **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee deferred this item to its June 3, 2009, Audit Committee quarterly meeting.**

El Proyecto Del Barrio, Inc. Contract Review - A Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2008-09 (03/03/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Mexican American Opportunity Foundation Contract Review - A Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2008-09 (03/03/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Los Angeles Unified School District Contract Review – A Department of Mental Health Service Provider (03/03/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Fiscal Review of Sonya Love Guidance Center – A Group Home Foster Care Center (03/03/09): Helen Berberian reported that the agency has \$9,000 in unallowable costs, \$10,000 in unsupported costs, and \$36,000 in delinquent Federal payroll taxes, which should be discussed with DCFS staff at the next quarterly meeting. Jim Schneiderman advised that the amount of the debt is contingent upon how much of it DCFS is willing to disallow. **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee deferred this item to its June 3, 2009, Audit Committee quarterly meeting.**

Department of Public Social Services – Payroll/Personnel Review (03/03/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Public Health Foundation Enterprises, Inc. Contract Review – A Department of Public Health HIV/AIDS Care Service Provider (03/03/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

The Children's Collective, Inc. Contract Review – A Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2007-08 (03/04/09): Dorinne Jordan noted that the agency reported that it does not use time cards, and instead use "time studies", which was their explanation for unsupported payroll expenditures. There was no documentation to support a time study on the agency. **On motion of Dorinne Jordan, seconded by Genie Chough and unanimously carried, the Committee continued this item to its April 16, 2009, Audit Committee meeting.**

Hillside Contract Compliance Review – A Wraparound and Mental Health Services Provider (03/04/09): **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee continued this item to its June 3, 2009, Audit Committee quarterly meeting.**

Department of Health Services Harris-Rodde Settlements – Average Length of Stay and Emergency Department Boarding Time Review for the Quarter Ended September 30, 2008 (03/05/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

District Attorney's Office – Bad Check Restitution Program Agreement Financial/Compliance Audit (03/05/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Door of Hope Community Center, Inc. Contract Review – A Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2008-09 (03/05/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Optimist Boys Home and Ranch Inc. dba Optimist Youth Homes and Family Services – A Department of Mental Health Service Provider (03/05/09): **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee continued this item to its June 3, 2009, Audit Committee quarterly meeting.**

Proposition A Contract – Department of Public Works Armed and Unarmed Security Services for Various Public Works Facilities (Board Agenda 03/17/09, Item 20) (03/12/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

PUBLIC COMMENT

There was none.

OTHER BUSINESS

Los Angeles Mission College Contract – Community and Senior Services (Discussion): CSS reported that they implemented all of the Auditor-Controller's recommendations by December 31, 2008; a Corrective Action Plan was completed and is under review. **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee continued this item to its April 16, 2009, Audit Committee meeting.**

Contractors Repayment Guidelines (Discussion): Jim Schneiderman reported that guidelines and practices vary between the Department of Public Social Services (DPSS), the Department of Mental Health (DMH), and the Department of Community and Senior Services (CSS). DPSS has very general information on programs and cash advances. The DMH have detailed lists of all agencies they make cash advances to, which are outstanding, and when the Auditor will authorize those advances.

Lyn Wallensak, DMH, reported that if the provider is EPSDT (Medicaid Early Periodic Screening & Diagnostic Treatment), a child care program provider, the agency can request a three or five-

month cash advance. Cash advances are typically requested at the beginning of a fiscal year, and with it the agency provides services and receives payment in October for those services provided in July; this process can show an excess of agency cash flow advance. In FY 07-08 the contract language implied funds would be recouped on September 30 of the following fiscal year; however, because funds are not recouped by that date, notices to agencies requesting payment are now sent in January.

About \$29 million in cash flow advance funds were disbursed during the past Fiscal Year and DMH initiated an analysis of 100 agencies for a Cash Report & Settlement Report. Of this total, 67 would get all or some of the money back within 18 months. However, a dozen agencies are on "the edge" of financial hardship to the point of closing down. In these instances, their financial statements are reviewed and if the financial position is precarious, they are advised to submit a Business Plan in addition to a monthly projection listing actual expenses and revenues. DMH has an internal audit group who monitors these programs, and attempt to correct the problem early and set them back on a financially healthy direction. **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee continued this item to its April 16, 2009, Audit Committee meeting.**

SUNSET REVIEW EXTENSION RECOMMENDATIONS

Following discussion, on motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Audit Committee determined that there was a need to take immediate action, and that the need to take action came to the attention of the Committee subsequent to the agenda being posted, as required per Government Code Section 54954.2(b)(2).

Jim Schneiderman reported on Sunset Review extensions recommended for several Commissions. Some Commissions have provisions that require that if their sunset date is not extended officially, it must cease all activities. County Counsel has advised that these Commissions cannot continue past their sunset review date.

Therefore, it is recommended that four Commissions (Commission for Women/Judicial Procedures Commission/Local Governmental Services Commission/Consumer Affairs Commission) have their dates extended to September 1, 2009, and that five Commissions (Arts Commission/Hospital & Health Care Commission/Commission of Parks & Recreation/Public Health Commission/Emergency Preparedness Commission) be extended through January 2010.

Additionally, because the Consumer Affairs Commission was extended to July 2008 with a required new extension date of 2011, the Auditor-Controller recommends an extension to 2011, rather than the previously alluded September 2009 date. A letter requesting the extensions is being drafted by the CEO's office for submission to the Board of Supervisors, pending approval by the Audit Committee. This action is deemed an "urgency item" by County Counsel.

Following further discussion, on motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee approved staff's Sunset Review Extension Recommendations based on County Counsel's opinion requiring this action.

MATTERS NOT ON THE POSTED AGENDA (TO BE PRESENTED AND PLACED ON THE AGENDA OF A FUTURE MEETING)

There was none.

ADJOURNMENT

There being no further business to conduct, the meeting was adjourned at 12:01 p.m.